

**INFORMATION UPDATE**

Eveready Industries India Ltd. (Eveready) today declared its financial results for the quarter ended Sep 30, 2015. Major highlights of the standalone results are the following.

Item	Q2 2015-16 (Rs.crores)	Q2 2014-15 (Rs.crores)	Gain %	YTD 15-16 (Rs.crores)	YTD 14-15 (Rs.crores)	Gain %	FY 14-15 (Rs.crores)
Operating Income	367.75	354.80	4	715.91	678.37	6	1278.92
Operating EBDITA	32.34	37.03	(13)	69.65	70.21	(1)	123.68
PBT	18.97	22.88	(17)	41.50	36.86	13	62.00
Net Profit	13.81	17.64	(22)	29.70	28.25	5	49.03

The turnover for the quarter rose only by a modest 4 % mainly due to –

- Overall muted consumer demand – particularly in the rural segment
- The flashlights category experiencing a 12% value de-growth on the back of erratic monsoon in certain relevant geographies
- Battery segment remaining flat primarily due to the market being disturbed by poor quality dumped imports from China
- Packet tea continuing to be only stable
- However, the above were somewhat compensated by a robust growth of 59% in the vertical of lighting products - contributed significantly by turnover of LED bulbs.

Marketing efforts have been initiated to spur demand in the flashlights segment, though the benefit of this may be seen only from the following financial year.

Countermeasures against Chinese dumping have been afoot for some time – both from an internal marketing perspective as well as in seeking regulatory support within the legal framework. It may be relevant to mention that the Directorate General of Anti-dumping & Allied Duties has already issued Initiation Notification dated October 20, 2015 for anti-dumping investigation on imports of 'AA' batteries (accounting for nearly 70% of the market) from China & Vietnam.

The Company's efforts on scaling up of turnover of lighting products remain on track.

Based on the above, it is expected that top line growth should return to higher numbers in the coming quarters.



Costs in Q2 had to incur some higher charge on account of the following –

- A Marked to Market (MTM) loss on hedging positions of Zinc – Rs 3.9 crores. This may get neutralized over the coming months
- Increased spends on A & P during the quarter at 6.2% of net sales to secure brand position in the LED segment. This was a conscious effort particular to this quarter. Spends will normalize to around 5% of net sales for the whole year; thus the following 2 quarters will see significantly lower spends.

The operating EBIDTA for the current quarter was lower at Rs.32.34 crores (Rs.37.03 crores in the corresponding quarter of previous year), due to low turnover growth and additional costs, as mentioned above. Consequentially both Profit before and after taxes were lower. It may be relevant to add that impact on account of rupee depreciation, which was quite significant during the quarter, was recovered through price increases. It may be further added that another round of price increases in certain select batteries (accounting for nearly 40% of battery sale value) have been planned in Q3.

Outlook on batteries remain stable – may improve significantly if regulatory support is received against dumping of batteries in the country. Improvement measures for flashlights – while initiated – may take a while to gain root. The segment of lighting products – particularly LED bulbs - is expected to be a major contributor of growth in the coming quarters. Given these and other measures, the Company stands to improve operating margins in the coming quarters.

Background

Eveready is the country's market leader of batteries and flashlights - selling more than 1.2 billion batteries and nearly 25 million flashlights. Apart from these, Eveready offers a basket of other products - LED, CFL & GLS lamps & other lighting products, and packet tea. Eveready has an extensive distribution network of 3000 distributors reaching all the way down to 5000 population towns.

November 13, 2015

